



**U.S. Department of
Transportation**

Office of the Secretary
of Transportation

DEPT. OF TRANSPORTATION

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400 Seventh St., S.W.
Washington, D.C. 20590

61073
OST-99-5948-2

August 6, 1999

Mr. Hank Myers
M&C Transportation Consultants
Consultant for Steven Wilson
d/b/a Air Excursions,
d/b/a Chilkat Aviation
PO Box 7341
Bellevue, WA 98008

Docket OST-99-5948
Add'l Info
Request

Dear Mr. Myers:

We have completed our review of the application that you filed on behalf of Steven Wilson d/b/a Air Excursions, d/b/a Chilkat Aviation (Chilkat) for a certificate of public convenience and necessity authorizing interstate scheduled air transportation of persons, property and mail. Upon review, we find that additional information is necessary to process Chilkat's application.

1. Provide balance sheets for the three most recent calendar or fiscal years. Provide a forecast balance sheet for the first normal year of certificated operations. The most recent balance sheet and income statement should be current within three months of the date provided and include any explanatory footnotes providing:
 - a. a description of any liens or encumbrances against any of the company's assets, including whether company assets are pledged as collateral for any outstanding obligations;
 - b. a schedule showing any liabilities more than 60 days past due;
 - c. a description of any contingent liabilities that may have an effect on the carrier's financial posture and a description of how the company plans to meet these liabilities;
 - d. a description of any major commitments Chilkat has entered into during the past six months, including bank or institutional financing, private financing, issuance of bonds or stock in the company, or major contracts to perform services;
 - e. a description of any sale or exchange of major assets (land, building, etc.) which took place during the past six months;

- f. a description of any major capital expenditures planned within the next six months and how these expenditures will be financed;
 - g. a description of any events which occurred after preparation of the most recent financial statements which may have a significant impact on the company; and
 - h. a statement as to who prepared the financial statements and whether they were prepared in accordance with Generally Accepted Accounting principles.
2. What is the period ending for the income statements provided in Appendix D (i.e., fiscal or calendar).
 3. Appendix J does not provide for hull and liability insurance. Furthermore, a certificate holder must provide evidence of "liability insurance coverage meeting the requirements of 14 CFR 205.5(b) for all of its aircraft. While evidence need not be provided until the carrier submits material for making its certificate effective, this expense must be provided for in the first year forecast. The amount of any deposits should be provided.
 4. Based on the first year forecast and the pre-operating expenses, Chilkat must provide evidence that it has access to \$24,000 to meet the Department's financial fitness test. If funds are being generated internally, provide evidence of such funding. If funds are not being generated internally, provide third-party verification of the availability of such funding.
 5. Appendix K indicates that corporate certification is to be supplied. Please provide.
 6. Appendix E indicates that all aircraft are owned. In the income statement for the year 1998 (Appendix D) there is a \$15,760 expense for equipment lease. The financial forecast in Appendix J shows a first-year aircraft lease expense of \$936 per quarter. Please explain.
 7. Appendix D income statements include depreciation expense. Appendix J does not provide for any depreciation expenses. Please explain.
 8. Some of the expenses set forth in the historical financial income statements in Appendix D vary considerably between the three years. For example, insurance expense was \$88,272 in 1996, \$29,020 in 1997, and \$86,503 in 1998. Rather than go over each item in this letter, I have included a copy of Appendix D and highlighted those items for which Chilkat should provide an explanation.
 9. Provide a list of employees by position (e.g., 4 mechanics).

10. Provide a brief narrative description of the carrier's current operations.
11. Provide an update on the carrier's FAA application.

Provide a statement(s) signed by a company official(s) or other person(s) in a position to know the answers to these questions indicating that, pursuant to Title 18 United States Code, Section 1001, the information provided is true and correct and that such individual(s) has not knowingly or willfully falsified, concealed or covered up any material fact or made any false, fictitious or fraudulent statement in connection with the preparation or filing of the material submitted.

With respect to the Aviation Disaster Family Assistance Act of 1996, the applicant is reminded that, pursuant to Title VII of the Federal Aviation Reauthorization Act of 1996 (P.L. 101-264), a new section 41113 is added to the Statute requiring certificated air carriers to develop and submit to the Department and the National Transportation Safety Board (NTSB) an "accident plan.". Please note that the Department will not be able to issue a final order in this case until this requirement has been met. The plan is to be submitted in Docket OST 96- 1960, the original to Department of Transportation, Room PL-401, 400 Seventh Street, S. W. Washington, D .C. 20590, and it should also submit one copy to the Office of Public Affairs, National Transportation Safety Board, 490 L'Enfant Plaza East, SW., Washington, DC 20594.

We will give Chilkat 21 days from the date of this letter to file the requested information. If you have any questions, please contact me on 202-366-1064.

Sincerely,

James A. Lawyer
Air Carrier Fitness Division
Office of Aviation Analysis

cc: Docket OST-99-5948

Mr. Steve Wilson
Air Excursions
PO Box 6
Gustavus, AK 999826

Mr. Jim Hettwer
Principal Operations Inspector
Juneau International Airport
1873 Shell Simmons Drive
Juneau, AK 99801

Historical Financial Statements

Item	1996	1997	1998
Total Commercial Revenue	\$791,966	\$659,089	\$668,383
Expenses			
Aviation Gasoline	\$ 69,492	\$ 68,942	\$ 62,878
Wages	134,374	172,201	185,591
Payroll Taxes	14,019	29,722	19,298
Repairs & Maintenance	108,624	70,632	88,956
Insurance	88,272	29,020	86,503
Equipment Lease	0	0	15,760
Facility Rental	15,374	18,689	250
Depreciation	47,531	30,707	31,145
Advertising	2,662	765	558
Car & Truck Expense	2,782	1,608	365
Interest	1,824	1,488	1,000
Legal & Professional	120	9,101	3,621
Office Expense	5,759	5,366	2,948
Supplies	0	0	930
Taxes & Licenses	0	0	1,323
Travel	1,786	6,502	1,316
Meals & Entertainment	105	1,124	1,008
Utilities	10,035	9,777	9,067
Other	7,504	1,678	6,783
Total Expense	\$510,263	\$457,322	\$519,300
Profit Before Income Tax	<u>\$281,703</u>	<u>\$201,767</u>	<u>\$149,083</u>

Source- Federal Income Tax Returns